

AS MERKO EHITUS  
GROUP

Consolidated interim report 9M 2002

## COMMENTARY TO 9M 2002 FINANCIAL RESULTS

Merko Ehitus group 9M 2002 consolidated and unaudited net sales amounted to 1140,6 million EEK (72,9 million EUR), and net profit was 74,3 million EEK (4,8 million EUR). The respective figures year ago were net sales of 894,9 million EEK (57,2 million EUR) and net profit of 55,9 million EEK (3,6 million EUR).

Merko Ehitus group deals in the field of construction and with activities concerned to that, in Estonia, Latvia and Lithuania. Companies of the group 9M 2002 net sales and consolidated net sales (sales outside the group) were (in thousand EEK):

|  | <b>Net sales</b> | <b>including consolidated net sales</b> |
|--|------------------|---|
| Estonian companies                               |                  |   |
| <b>Construction</b>                              |                  |   |
| AS Merko Ehitus                                  | 717 217          | 709 244                                 |
| AS Gustaf (100% partnership)                     | 83 016           | 79 432                                  |
| AS Merko Tartu (66% partnership)                 | 68 199           | 58 927                                  |
| Tallinna Teede AS (100% partnership)             | 90 796           | 86 324                                  |
| <b>Production of structures for small houses</b> |                  |   |
| OÜ Matek (71,6% partnership)                     | 25 289           | 24 746                                  |
| <b>Construction</b>                              |                  |   |
| AS Normanni Linnagrupp (50% partnership)         | 2 095            | -                                       |
| <b>Production of concrete</b>                    |                  |   |
| AS Tartu Maja Betoontooted (25% partnership)     | 91 315           | -                                       |
| <b>Telecommunication</b>                         |                  |   |
| AS Telegrupp (45% partnership)                   | 29 546           | -                                       |
| Latvian companies                                |                  |   |
| <b>Construction</b>                              |                  |   |
| SIA Merks (100% partnership)                     | 63 736           | 63 736                                  |
| Lithuanian companies                             |                  |   |
| <b>Construction</b>                              |                  |   |
| UAB Merko Statyba (100% partnership)             | 118 162          | 118 162                                 |

Companies of the group 9M 2002 net sales and consolidated net sales (sales outside the group) were (in thousand EUR):

|  | <b>Net sales</b> | <b>including consolidated net sales</b> |
|--|------------------|---|
| Estonian companies                               |                  |   |
| <b>Construction</b>                              |                  |   |
| AS Merko Ehitus                                  | 45 838           | 45 329                                  |
| AS Gustaf (100% partnership)                     | 5 306            | 5 077                                   |
| AS Merko Tartu (66% partnership)                 | 4 359            | 3 766                                   |
| Tallinna Teede AS (100% partnership)             | 5 803            | 5 517                                   |
| <b>Production of structures for small houses</b> |                  |   |
| OÜ Matek (71,6% partnership)                     | 1 616            | 1 582                                   |
| <b>Construction</b>                              |                  |   |
| AS Normanni Linnagrupp (50% partnership)         | 134              | -                                       |
| <b>Production of concrete</b>                    |                  |   |
| AS Tartu Maja Betoontooted (25% partnership)     | 5 836            | -                                       |
| <b>Telecommunication</b>                         |                  |   |
| AS Telegrupp (45% partnership)                   | 1 888            | -                                       |
| Latvian companies                                |                  |   |
| <b>Construction</b>                              |                  |   |
| SIA Merks (100% partnership)                     | 4 074            | 4 074                                   |
| Lithuanian companies                             |                  |   |
| <b>Construction</b>                              |                  |   |
| UAB Merko Statyba (100% partnership)             | 7 552            | 7 552                                   |

Merko Ehitus group 9M 2002 consolidated data illustrating financial ratios were:

|                             | <b>9M 2002</b> | <b>9M 2001</b> |
|-----------------------------|----------------|----------------|
| Net profit margin           | 6,5 %          | 6,2 %          |
| Operating profit margin     | 6,3 %          | 6,0 %          |
| Return on equity (per year) | 38,6 %         | 40,4 %         |
| Return on assets (per year) | 16,5 %         | 15,7 %         |
| Current ratio               | 1,5            | 1,6            |
| Invoice turnover (per year) | 5,2            | 7,3            |
| Equity-to-assets ratio      | 39,9 %         | 43,5 %         |

Year 2002 9M consolidated and unaudited income statement and balance sheet are compiled in accordance with the principles of the International Accounting Standards (IAS), and correspond with the Estonian legal acts regulating the accounting principles used.

in thousand EEK and EUR

**CONSOLIDATED INCOME STATEMENT**  
unaudited

|  | Note | EEK              |                  | EUR              |                  |
|--|------|------------------|------------------|------------------|------------------|
|  |      | 2002<br>9 months | 2001<br>9 months | 2002<br>9 months | 2001<br>9 months |
| Sales  | 1    | 1 140 571        | 894 868          | 72 896           | 57 192           |
| Cost of sales  |      | 1 021 130        | 811 520          | 65 262           | 51 865           |
| <b>Gross profit</b>  |      | 119 441          | 83 348           | 7 634            | 5 327            |
| Marketing expenses   |      | 9 517            | 9 353            | 608              | 598              |
| Administrative expenses  |      | 35 208           | 26 879           | 2 250            | 1 718            |
| Other operating income   |      | 5 252            | 7 786            | 336              | 498              |
| Other operating expenses   |      | 8 117            | 1 489            | 519              | 95               |
| <b>Operating profit</b>  |      | 71 851           | 53 413           | 4 592            | 3 414            |
| Financial income from stocks of associated companies               |      | 2 124            | 1 399            | 136              | 89               |
| incl. Equity method gains  |      | 2 124            | 1 399            | 136              | 89               |
| Income from other non-current financial investment                 |      | 10               | -                | 1                | -                |
| Foreign exchange gain  |      | 1 181            | 3 030            | 75               | 194              |
| Other interest and similar income                                  |      | 4 502            | 5 759            | 288              | 368              |
| Total financial income   |      | 7 817            | 10 188           | 500              | 651              |
| Financial expenses related to associated companies                 |      | 591              | 1 138            | 38               | 73               |
| incl. Equity method gains  |      | 591              | 1 138            | 38               | 73               |
| Interest expense   |      | 444              | 76               | 28               | 5                |
| Foreign exchange loss  |      | 3 615            | 5 407            | 231              | 346              |
| Other financial expenses   |      | 78               | 17               | 5                | 1                |
| Total financial expenses   |      | 4 728            | 6 638            | 302              | 424              |
| <b>Profit (- loss) from normal operations</b>                      |      | 74 940           | 56 963           | 4 790            | 3 641            |
| Net profit (- loss) for the financial year                         |      | 74 940           | 56 963           | 4 790            | 3 641            |
| Minority interest  |      | 620              | 1 090            | 40               | 70               |
| <b>Net profit (- loss) for the group</b>                           |      | 74 320           | 55 873           | 4 750            | 3 571            |
| Net profit (- loss) per share ( basic and diluted, in EEK and EUR) | 2    | 8,40             | 6,31             | 0,54             | 0,40             |

in thousand EEK and EUR

**CONSOLIDATED BALANCE SHEET**

unaudited

|  | EEK            |                | EUR           |               |
|--|----------------|----------------|---------------|---------------|
|  | 30.09.02       | 31.12.01       | 30.09.02      | 31.12.01      |
| <b>ASSETS</b>                                      |                |                |               |               |
| Cash and cash equivalents                          | 51 552         | 60 814         | 3 295         | 3 887         |
| Marketable securities                              | 20 965         | 18 516         | 1 340         | 1 183         |
| Accounts receivable                                | 290 393        | 186 861        | 18 559        | 11 943        |
| Allowance for doubtful receivables                 | -38            | -53            | -2            | -3            |
| Total accounts receivable                          | 290 355        | 186 808        | 18 557        | 11 939        |
| Receivables from parent companies                  | 2              | 1 735          | 0             | 111           |
| Receivables from associated companies              | 6 118          | 6 941          | 391           | 444           |
| Other short-term receivables                       | 25 864         | 43 112         | 1 653         | 2 755         |
| Total other receivables                            | 31 984         | 51 788         | 2 044         | 3 310         |
| Interest receivable                                | 506            | 739            | 32            | 47            |
| Other accrued income                               | 481            | 254            | 31            | 16            |
| Total accrued income                               | 987            | 993            | 63            | 63            |
| Prepaid taxes                                      | 5 491          | 6 850          | 351           | 438           |
| Other prepaid expenses                             | 3 722          | 1 534          | 238           | 98            |
| Total prepaid expenses                             | 9 213          | 8 384          | 589           | 536           |
| Raw materials                                      | 2 974          | 4 041          | 190           | 258           |
| Work-in-progress                                   | 18 925         | 9 092          | 1 210         | 581           |
| Finished goods                                     | 1 571          | 855            | 100           | 55            |
| Merchandise purchased for resale                   | 45 579         | 32 667         | 2 913         | 2 088         |
| Prepayments to suppliers                           | 37 758         | 567            | 2 413         | 36            |
| Construction-in-progress                           | 6 718          | 5 821          | 429           | 372           |
| Due from customers                                 | 56 815         | 35 281         | 3 631         | 2 255         |
| Total inventories                                  | 170 340        | 88 324         | 10 887        | 5 645         |
| <b>Total current assets</b>                        | <b>575 396</b> | <b>415 627</b> | <b>36 774</b> | <b>26 563</b> |
| Shares in associated companies                     | 21 175         | 12 489         | 1 353         | 798           |
| Long-term receivables from associated companies    | 929            | 100            | 59            | 6             |
| Other shares, holdings and debt securities         | 12 281         | 1 800          | 785           | 115           |
| Miscellaneous long-term receivables                | 11 913         | 7 588          | 761           | 485           |
| Long-term accounts receivable                      | 59             | 0              | 4             | 0             |
| Total long-term financial assets                   | 46 357         | 21 977         | 2 963         | 1 405         |
| Land   | 1 998          | 797            | 128           | 51            |
| Buildings  | 13 544         | 26 934         | 866           | 1 721         |
| Accumulated real-estate investments depreciation   | -4 876         | -6 755         | -312          | -432          |
| Prepayments for real-estate investments            | 11 655         | 10 655         | 745           | 681           |
| Total real-estate investments                      | 22 321         | 31 631         | 1 427         | 2 022         |
| Land and buildings                                 | 7 953          | 15 289         | 508           | 977           |
| Ground lease                                       | 6 718          | 458            | 429           | 29            |
| Plant and equipment                                | 65 943         | 64 064         | 4 215         | 4 094         |
| Other equipment and fixtures                       | 18 293         | 16 105         | 1 169         | 1 029         |
| Accumulated depreciation                           | -48 813        | -46 914        | -3 120        | -2 998        |
| Selfconstructed physical assets under construction | 161            | 173            | 10            | 11            |
| Prepayments for non-current physical assets        | 187            | 0              | 12            | 0             |
| Total non-current physical assets                  | 50 442         | 49 175         | 3 224         | 3 143         |
| Purchased concessions, patents, licenses, etc.     | 139            | 97             | 9             | 6             |
| Goodwill   | -5 757         | -6 773         | -368          | -433          |
| Total intangible assets                            | -5 618         | -6 676         | -359          | -427          |
| <b>Total non-current assets</b>                    | <b>113 502</b> | <b>96 107</b>  | <b>7 254</b>  | <b>6 142</b>  |
| <b>TOTAL ASSETS</b>                                | <b>688 898</b> | <b>511 734</b> | <b>44 028</b> | <b>32 706</b> |

|  | EEK      |          | EUR      |          |
|--|----------|----------|----------|----------|
|  | 30.09.02 | 31.12.01 | 30.09.02 | 31.12.01 |
| <b>LIABILITIES AND OWNERS' EQUITY</b>          |          |          |          |          |
| Debentures (except bank loans)                 | 15 266   | 4 533    | 976      | 290      |
| Short-term loans from financial institutions   | 13       | 8        | 1        | 1        |
| Total debt obligations                         | 15 279   | 4 541    | 977      | 290      |
| Customer prepayments                           | 23 705   | 9 865    | 1 515    | 630      |
| Accounts payable to suppliers                  | 156 341  | 122 504  | 9 992    | 7 829    |
| Payables to associated companies               | 851      | 1 493    | 54       | 95       |
| Tax liabilities                                | 12 780   | 11 842   | 817      | 757      |
| Payables to employees                          | 13 452   | 10 165   | 860      | 650      |
| Dividends payable                              | 795      | -        | 51       | -        |
| Interest payable                               | 2        | 10       | 0        | 1        |
| Other accrued expenses                         | 786      | 941      | 50       | 60       |
| Total accrued expenses                         | 15 035   | 11 116   | 961      | 710      |
| Provisions for construction warranty liability | 3 692    | 3 737    | 236      | 239      |
| Due to customers                               | 164 844  | 94 572   | 10 535   | 6 044    |
| Other current provisions                       | 158      | 155      | 10       | 10       |
| Total current provisions                       | 168 694  | 98 464   | 10 781   | 6 293    |
| <b>Total current liabilities</b>               | 392 685  | 259 825  | 25 097   | 16 606   |
| Non-convertible debt                           | 7 321    | 204      | 468      | 13       |
| Accounts payable to suppliers                  | 9 551    | 7 478    | 610      | 478      |
| <b>Total non-current liabilities</b>           | 16 872   | 7 682    | 1 078    | 491      |
| <b>TOTAL LIABILITIES</b>                       | 409 557  | 267 507  | 26 175   | 17 097   |
| Minority interests                             | 4 676    | 5 829    | 299      | 373      |
| <b>OWNERS' EQUITY</b>                          |          |          |          |          |
| Share capital                                  | 88 500   | 88 500   | 5 656    | 5 656    |
| Share premium                                  | 2 950    | 2 950    | 189      | 189      |
| Mandatory legal reserve                        | 8 850    | 8 205    | 566      | 524      |
| Retained earnings                              | 99 540   | 49 213   | 6 362    | 3 145    |
| Net profit (- loss) for the financial year     | 74 320   | 88 312   | 4 750    | 5 644    |
| Exchange rate differences                      | 505      | 1 218    | 32       | 78       |
| <b>TOTAL OWNERS' EQUITY</b>                    | 274 665  | 238 398  | 17 554   | 15 236   |
| <b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>    | 688 898  | 511 734  | 44 028   | 32 706   |

in thousand EEK and EUR

## STATEMENT OF CHANGES IN EQUITY

unaudited, in thousand EEK

| EEK                                       | Share capital | Share premium | Reserve | Reserve for exchange rate differences | Retained earnings | Total   |
|---|---------------|---------------|---------|---------------------------------------|-------------------|---------|
| <b>Closing balance 31.12.00</b>           | 88 500        | 2 950         | 4 875   | 541                                   | 66 601            | 163 467 |
| Exchange rate differences                 | -             | -             | -       | 327                                   | -                 | 327     |
| Change in reserve capital                 | -             | -             | 3 330   | -                                     | -3 330            | -       |
| Dividends                                 | -             | -             | -       | -                                     | -13 275           | -13 275 |
| Dividend income tax                       | -             | -             | -       | -                                     | -783              | -783    |
| Net profit (-loss) for the financial year | -             | -             | -       | -                                     | 55 873            | 55 873  |
| <b>Closing balance 30.09.01</b>           | 88 500        | 2 950         | 8 205   | 868                                   | 105 086           | 205 609 |
| <b>Closing balance 31.12.01</b>           | 88 500        | 2 950         | 8 205   | 1 218                                 | 137 525           | 238 398 |
| Exchange rate differences                 | -             | -             | -       | -713                                  | -                 | -713    |
| Change in reserve capital                 | -             | -             | 645     | -                                     | -645              | -       |
| Dividends                                 | -             | -             | -       | -                                     | -35 400           | -35 400 |
| Dividend income tax                       | -             | -             | -       | -                                     | -1 940            | -1 940  |
| Net profit (-loss) for the financial year | -             | -             | -       | -                                     | 74 320            | 74 320  |
| <b>Closing balance 30.09.02</b>           | 88 500        | 2 950         | 8 850   | 505                                   | 173 860           | 274 665 |
| <br>                                      |               |               |         |                                       |                   |         |
| EUR                                       | Share capital | Share premium | Reserve | Reserve for exchange rate differences | Retained earnings | Total   |
| <b>Closing balance 31.12.00</b>           | 5 656         | 189           | 311     | 35                                    | 4 256             | 10 447  |
| Exchange rate differences                 | -             | -             | -       | 21                                    | -                 | 21      |
| Change in reserve capital                 | -             | -             | 213     | -                                     | -213              | -       |
| Dividends                                 | -             | -             | -       | -                                     | -848              | -848    |
| Dividend income tax                       | -             | -             | -       | -                                     | -50               | -50     |
| Net profit (-loss) for the financial year | -             | -             | -       | -                                     | 3 571             | 3 571   |
| <b>Closing balance 30.09.01</b>           | 5 656         | 189           | 524     | 56                                    | 6 716             | 13 141  |
| <b>Closing balance 31.12.01</b>           | 5 656         | 189           | 524     | 78                                    | 8 789             | 15 236  |
| Exchange rate differences                 | -             | -             | -       | -46                                   | -                 | -46     |
| Change in reserve capital                 | -             | -             | 41      | -                                     | -41               | -       |
| Dividends                                 | -             | -             | -       | -                                     | -2 262            | -2 262  |
| Dividend income tax                       | -             | -             | -       | -                                     | -124              | -124    |
| Net profit (-loss) for the financial year | -             | -             | -       | -                                     | 4 750             | 4 750   |
| <b>Closing balance 30.09.02</b>           | 5 656         | 189           | 566     | 32                                    | 11 112            | 17 554  |

The share capital of AS Merko Ehitus consists of 8 850 000 common shares which have a par value of EEK 10.

in thousand EEK and EUR

## CASH FLOW STATEMENT

consolidated, unaudited

|   | EEK              |                  | EUR              |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2002<br>9 months | 2001<br>9 months | 2002<br>9 months | 2001<br>9 months |
| <b>Operating activities</b>                               |                  |                  |                  |                  |
| <b>Profit from normal operations</b>                      | 74 940           | 56 963           | 4 790            | 3 641            |
| Depreciation  | 8 442            | 6 518            | 540              | 417              |
| Other adjustments *                                       | 48 117           | 18 612           | 3 075            | 1 190            |
| <b>Operating profit before working capital changes</b>    | 131 499          | 82 093           | 8 404            | 5 247            |
| <b>Working capital changes</b>                            |                  |                  |                  |                  |
| Marketable securities                                     | -2 510           | 34 701           | -160             | 2 218            |
| Receivables   | -74 732          | 1 560            | -4 776           | 100              |
| Accrued income  | -226             | 3                | -14              | 0                |
| Prepaid expenses  | 257              | -2 882           | 16               | -184             |
| Inventories   | -53 979          | -40 866          | -3 450           | -2 612           |
| Customer prepayments                                      | 13 904           | -12 833          | 889              | -820             |
| Accounts payable to suppliers                             | 38 559           | -35 735          | 2 464            | -2 284           |
| Other liabilities   | -1 768           | 187              | -113             | 12               |
| Tax liabilities   | 1 038            | -4 043           | 66               | -258             |
| Accrued liabilities                                       | 1 975            | 1 086            | 126              | 69               |
| <b>Cash generated from operations</b>                     | 54 017           | 23 271           | 3 452            | 1 487            |
| <b>Interests</b>  |                  |                  |                  |                  |
| Interests received  | 2 594            | 4 110            | 166              | 263              |
| Interests paid  | -2 012           | -59              | -129             | -4               |
| <b>Dividends</b>  |                  |                  |                  |                  |
| Dividends received  | 1 635            | 8                | 104              | 1                |
| <b>Company income tax</b>                                 |                  |                  |                  |                  |
| Income tax paid for the previous financial year           | -                | -803             | -                | -51              |
| Pre-paid income tax                                       | -1 361           | -335             | -87              | -21              |
| <b>Net cash from operating activities</b>                 | 54 873           | 26 192           | 3 507            | 1 674            |
| <b>Investing activities</b>                               |                  |                  |                  |                  |
| Acquisition of associates                                 | -6 434           | -893             | -411             | -57              |
| Acquisition of other long-term financial investments      | -10 838          | -                | -693             | -                |
| Long-term loans made                                      | -21 481          | -4 528           | -1 373           | -289             |
| Long-term loan payment received                           | 5 126            | 2 948            | 328              | 188              |
| Acquisition of real-estate investments                    | -6 035           | -                | -386             | -                |
| Sale of real-estate investments                           | 11 618           | -                | 743              | -                |
| Purchase of property, plant and equipment                 | -10 619          | -5 001           | -679             | -320             |
| Sale of property, plant and equipment                     | 2 029            | 8 751            | 130              | 559              |
| <b>Net cash used in investing activities</b>              | -36 634          | 1 277            | -2 341           | 82               |
| <b>Financing activities</b>                               |                  |                  |                  |                  |
| Proceeds from borrowings                                  | 23 310           | 693              | 1 490            | 44               |
| Repayments of borrowings                                  | -7 276           | -6 936           | -465             | -443             |
| Repayments of finance lease liabilities                   | -5 612           | -                | -359             | -                |
| Dividends paid  | -36 200          | -13 824          | -2 314           | -884             |
| <b>Net cash used in financing activities</b>              | -25 778          | -20 067          | -1 648           | -1 283           |
| <b>Total cash flow</b>                                    | -7 539           | 7 402            | -482             | 473              |
| <b>Net increase/decrease in cash and cash equivalents</b> | -7 539           | 7 402            | -482             | 473              |
| Cash and cash equivalent at the beginning of the period   | 60 814           | 42 294           | 3 887            | 2 703            |
| Effects of exchange rate differences                      | -1 723           | 30               | -110             | 2                |
| Cash and cash equivalent at the end of the period         | 51 552           | 49 726           | 3 295            | 3 178            |



**\* Other adjustments**

|  |               |               |              |              |
|--|---------------|---------------|--------------|--------------|
| Adjustments of revenues from construction contracts according to the percentage of completion method | 47 618        | 23 020        | 3 043        | 1 471        |
| Warranty reserve changes   | 964           | 770           | 62           | 49           |
| Vacation reserve changes   | 1 274         | 430           | 81           | 27           |
| Profit or loss from disposals of real-estate investments   | 1 677         | -             | 107          | -            |
| Profit or loss from disposals or liquidation of property, plant and equipment                        | -184          | -411          | -12          | -26          |
| Profit or loss from long-term investments  | -1 543        | -260          | -99          | -17          |
| Value adjustments of marketable securities   | 39            | -39           | 2            | -2           |
| Foreign exchange profit or loss  | 2 487         | 66            | 159          | 4            |
| Interest income  | -2 362        | -4 260        | -151         | -272         |
| Interest expense   | 265           | 88            | 17           | 6            |
| Dividends received   | -             | -8            | -            | -1           |
| Dividend income tax  | -2 118        | -784          | -135         | -50          |
| <b>Total other adjustments</b>   | <b>48 117</b> | <b>18 612</b> | <b>3 075</b> | <b>1 190</b> |

**NOTES**

**Note 1**

**Segment information**

**Business segments**

| <b>9M 2002</b>   | <b>Construction</b> | <b>Production of structures for small houses</b> | <b>Production of concrete</b> | <b>Others</b> | <b>Group</b> |
|--|---------------------|--|-------------------------------|---------------|--------------|
| Sales  | 1 115 282           | 25 289   | -                             | -             | 1 140 571    |
| Operating profit of the business segment                           | 71 955              | -104   | -                             | -             | 71 851       |
| Financial items  |                     |  |                               |               | 3 089        |
| incl. profit from associate companies                              | -543                | -  | 2 123                         | -48           | 1 532        |
| Profit (- loss) for the group from normal operations               |                     |  |                               |               | 74 940       |
| Minority interest  |                     |  |                               |               | 620          |
| Net profit (- loss) for the financial year                         |                     |  |                               |               | 74 320       |
| Segment assets   | 623 634             | 12 801   | -                             | -             | 636 435      |
| Associate companies  | 6 119               | -  | 5 951                         | 9 105         | 21 175       |
| Unallocated assets   |                     |  |                               |               | 31 288       |
| Consolidated total assets  |                     |  |                               |               | 688 898      |
| Segment liabilities  | 389 334             | 7 431  | -                             | -             | 396 765      |
| Unallocated liabilities  |                     |  |                               |               | 12 792       |
| Consolidated total liabilities                                     |                     |  |                               |               | 409 557      |
| Acquisition of real-estate investments                             | 6 263               | -  | -                             | -             | 6 263        |
| Acquisition of property, plant and equipment and intangible assets | 10 398              | 221  | -                             | -             | 10 619       |
| Depreciation   | 7 943               | 499  | -                             | -             | 8 442        |

Unallocated are those expenses, assets and liabilities, which can not or should not be linked to a concrete business segment.

**Geographical segments**

|              | <b>Sale</b>      | <b>Total assets</b> | <b>Acquisition of real-estate investments</b> | <b>Acquisition of tangible fixed assets</b> |
|--------------|------------------|---------------------|---|---|
| Estonia      | 932 529          | 550 952             | 6 263   | 8 293                                       |
| Latvia       | 72 077           | 43 814              | -   | 1 100                                       |
| Lithuania    | 118 162          | 94 132              | -   | 1 226                                       |
| Germany      | 9 797            | -                   | -   | -   |
| Austria      | 1 013            | -                   | -   | -   |
| Norway       | 6 543            | -                   | -   | -   |
| Denmark      | 282              | -                   | -   | -   |
| Others       | 168              | -                   | -   | -   |
| <b>Total</b> | <b>1 140 571</b> | <b>688 898</b>      | <b>6 263</b>                                  | <b>10 619</b>                               |

Sales revenue is based on the country in which the customer is located; the assets are reported basing on the geographic location of the assets.

*in thousand EEK*

**Note 2**

Earnings (loss) per share

Basic earnings per share are the consolidated net income of the shareholder, divided by the average weighted number of ordinary shares, excluding own shares.

|  | <b>9M 2002</b> |
|--|----------------|
| Net profit (loss) attributable to shareholders         | 74 320         |
| Weighted average number of ordinary shares (thousands) | 8 850          |
| <b>Basic net earnings (loss) per share (in EEK)</b>    | <u>8,40</u>    |

There have been no potential ordinary shares, wherefore the diluted net earnings per share equals the basic net earnings per share.